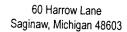
AUDITING PROCEDURES REPORT Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type City Township Village Other TownsHip OF Miles		County	ON						
Audit Date 3-3/-04 Opinion Date 6-17-04 Date Accountant Report S									
We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government of Treasury. We affirm that: 1. We have complied with the Bulletin for the Audits of Local Units of Government in Michigan as revised. 2. We are certified public accountants registered to practice in Michigan. We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in									
the report of comments and recommendations	anciai stateme	nts, motuonig ti	ie notes, or in						
You must check the applicable box for each item below.									
yes no 1. Certain component units/funds/agencies of the local unit	are excluded f	rom the financi	al statements.						
yes no 2. There are accumulated deficits in one or more of thi earnings (P.A. 275 of 1980).	s unit's unres	erved fund bal	ances/retained						
yes on 3. There are instances of non-compliance with the Uniform 1968, as amended).	m Accounting	and Budgeting	Act (P.A. 2 of						
yes or its requirements, or an order issued under the Emerge			oal Finance Act						
yes no 5. The local unit holds deposits/investments which do not of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, a			nents. (P.A. 20						
yes I no 6. The local unit has been delinquent in distributing tax revo	enues that wer	re collected for	another taxing						
yes no 7. The local unit has violated the Constitutional requirement earned pension benefits (normal costs) in the current year the overfunding credits are more than the normal cost during the year).	ar. If the plan is	s more than 100	0% funded and						
yes I no 8. The local unit uses credit cards and has not adopted an 1995 (MCL 129.241).	applicable pol	icy as required	by P.A. 266 of						
yes you 9. The local unit has not adopted an investment policy as re	equired by P.A.	. 196 of 1997 (N	MCL 129.95).						
We have enclosed the following:	Enclosed	To Be Forwarded	Not Required						
The letter of comments and recommendations. P6 16	×								
Reports on individual federal financial assistance programs (program audits).									
Single Audit Reports (ASLGU).									
Certified Public Accountant (Firm Name) BERTHI AUME & COMPANY CPA 5									
Street Address 60 HARROW LANE City SAGI			48603						
Accountant Signature / Land Roll Manuel									

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INDEPENDENT AUDITORS' REPORT

To the Township Board Township of Meade Mason County, Michigan

We have audited the general purpose financial statements of the Township of Meade, Mason County, Michigan, as of and for the year ended March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Meade's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Meade as of March 31, 2004, and the results of its operations and changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Township of Meade. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

June 17, 2004

Bertheaurre & Co.

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

March 31, 2004

	GO1	VERNMENTA FUND TYPES	L F	IDUCIARY FUND TYPES	ICCOUNT GROUPS General	(mei	Totals morandum only)
		General		Agency	Fixed Assets	G	Primary overnment
ASSETS:				<u> </u>	7100010		overnment
Cash and equivalents Taxes receivable Due from other governmental units Property, plant, and equipment, net	\$	265,426 3,113 1,449	\$	- - - -	\$ - - 80,737	\$	265,426 3,113 1,449 80,737
Total assets	\$	269,988	\$		\$ 80,737	\$	350,725
LIABILITIES AND FUND EQUITY:							
Liabilities:							
Accounts payable	\$	945	\$	-	\$ _	\$	945
Total liabilities		945		_	 		945
Fund Equity: Investment in general fixed assets Fund Balance:		-		-	80,737		80,737
Unreserved – Undesignated		269,043		_	_		269,043
Total fund equity		269,043		_	 80,737		349,780
Total liabilities & fund equity	\$	269,988	\$	-	\$ 80,737	\$	350,725

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	GOVERNMENTAL FUND TYPES
REVENUES:	General
Property taxes Intergovernmental:	\$ 27,369
State grants	10,907
Interest and rentals	3,509
Other revenue	16,600
Total revenues	58,385
EXPENDITURES:	
General government	39,380
Public safety	614
Public works	1,582
Total expenditures	41,576
Excess of revenues over (under) expenditures	16,809
Fund balances, beginning of year	·
Fund balances, end of year	252,234
i and balances, end of year	\$ 269,043

GENERAL FUND

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

	 GENERAL FUND				
REVENUES:	 Budget	Actual		Variance Favorable Unfavorable	
Property taxes Intergovernmental:	\$ 27,320	\$	27,369	\$	49
State grants	10,000		10,907		907
Interest and rentals	4,150		3,509		(641)
Other revenue	 3,062		16,600		13,538
Total revenues	 44,532		58,385		13,853
EXPENDITURES:					
General government	42,090		39,380		2,710
Public safety	3,650		614		3,036
Public works	50,200		1,582		48,618
Capital outlay	15,000		-		15,000
Total expenditures	 110,940		41,576		69,364
Excess of revenues over (under) expenditures	(66,408)		16,809		83,217
Fund balance, beginning of year	252,234		252,234		_
Fund balance, end of year	\$ 185,826	\$	269,043	\$	83,217

March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Meade, Mason County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

REPORTING ENTITY:

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Meade. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

JOINT OPERATIONS:

The Township participates as a member of the Mason County Rural Fire Authority.

BASIS OF PRESENTATION:

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

GOVERNMENTAL FUND TYPES:

General Fund – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

FIDUCIARY FUND TYPES:

The Current Tax Collection Fund is used to account for assets held as an agent for others.

ACCOUNT GROUP:

General Fixed Assets Account Group – This account group presents the fixed assets of the local unit utilized in its general operations.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

March 31, 2004

MEASUREMENT FOCUS/BASIS OF ACCOUNTING, continued:

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

PROPERTY TAXES:

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 2.6729 mills, and the taxable value was \$8,872,170.

FIXED ASSETS:

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

INVESTMENTS:

Investments, if any, are stated at fair market value.

RECEIVABLES:

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

INVENTORIES:

Inventories of supplies are considered to be immaterial and are not recorded.

COMPENSATED ABSENCES (Vacation and Sick Leave):

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

March 31, 2004

BUDGETS AND BUDGETARY ACCOUNTING:

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

- 1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
- 2. The proposed budgets include expenditures as well as the methods of financing them.
- 3. Public hearings are held to obtain taxpayer comments.
- 4. The budgets are adopted at the activity level by a majority vote of the Township Board.
- 5. The budgets are adopted on the modified accrual basis of accounting.
- 6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
- 7. The adopted budgets are used as a management control device during the year for all budgetary funds.
- 8. Budget appropriations lapse at the end of each fiscal year.
- 9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

ENCUMBRANCES:

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.

POST-EMPLOYMENT BENEFITS:

The Township provides no post-employment benefits to past employees.

NOTE 2: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchased; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the Board in accordance with *Public Act 196 or 1997* has authorized investment in all investments authorized by State law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

March 31, 2004

NOTE 2: DEPOSITS AND INVESTMENTS, continued

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Bank _ Balances
Insured (FDIC) Uninsured and Uncollateralized	\$ 100,485 169,941
Total Deposits	\$ 265,426

The Township of Meade did not have any investments as of March 31, 2004.

NOTE 3: CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

		Balance 4/1/03 Aa		Additions Del		etions	Balance 3/31/04	
Land	\$	33,006	\$	-	\$	_	\$ 33,006	
Building		33,663		-		-	33,663	
Equipment		12,709		1,359		-	14,068	
	\$	79,378	\$	1,359	\$	-	\$ 80,737	

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Meade Township had no interfund receivables and payables as of March 31, 2004.

NOTE 5: DEFERRED COMPENSATION PLAN

The Township does not have a deferred compensation plan.

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE 6: PENSION PLAN

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes a percentage of each covered employee's wages to the plan. Pension expense for the fiscal year ended March 31, 2004 was \$1,692.

NOTE 7: RISK MANAGEMENT

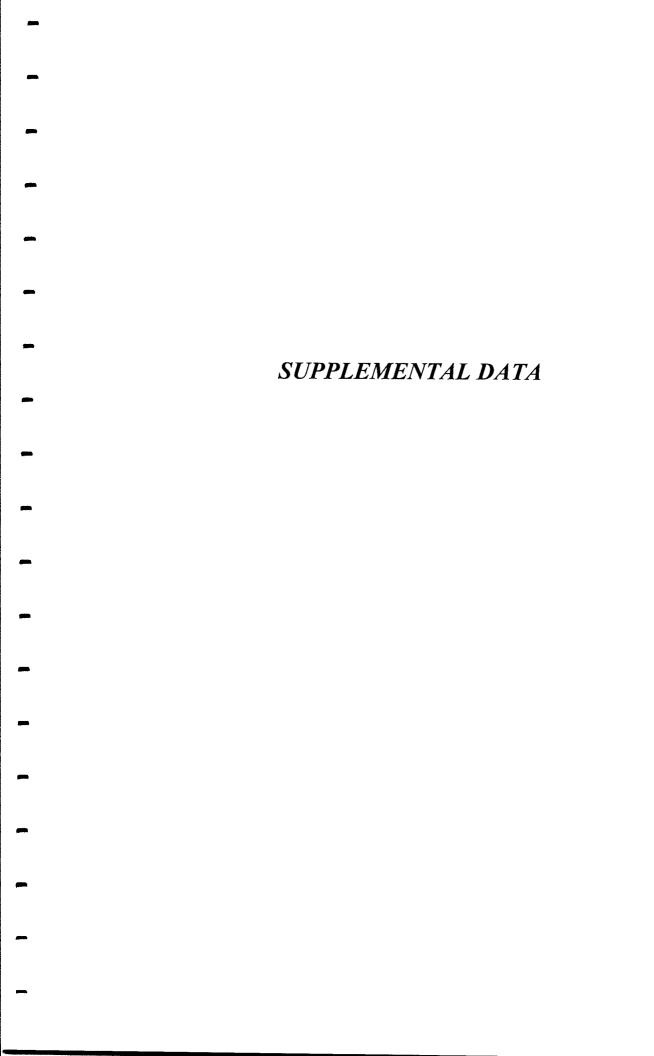
The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8: BUILDING PERMITS

The Township of Meade does not issue building permits. Building permits are issued by the County of Mason.

NOTE 9: TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.



GENERAL FUND

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES

REVENUES:	
Current Taxes:	
Property taxes	\$ 25,030
Penalties and interest on taxes	2,319
Payment in lieu of taxes	20
	27,369
State Grants:	
State revenue sharing	10,907
	10,907
Interest and Rents:	
Interest earned	3,509
	3,509
Other Revenue:	
Miscellaneous/other	16,600
	16,600
Total revenues	58,385
OTHER FINANCING SOURCES:	***
Total revenues and other financing sources	\$ 58,385
rotal revenues and outer inflancing sources	\$ 20,262

GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES

For the Year Ended March 31, 2004

EXPENDITURES:

General Government:

Township Board:	.
Personnel Fringe benefits	\$ 788
Mileage/auto	12,768 22
Dues and memberships	225
Other	145
o inor	
C	13,948
Supervisor: Personnel	2.464
Supplies	2,464
Mileage/auto	18
Dues and memberships	105 20
Education and training	39
Other	69
Clerk:	2,715
Personnel	2,500
Supplies	2,300
Telephone	1
Mileage/auto	197
Dues and memberships	10
Education and training	40
Printing and publications	66
	2,894
Board of Review:	2,674
Personnel	563
Mileage/auto	53
Education and training	75
Other	55
	746
Treasurer:	
Personnel	4,000
Supplies	721
Telephone	3
Mileage/auto	298
Printing and publications	926
	5,948
	3,210

GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued

General Government, continued:	
Assessor:	
Supplies	227
Contracted services	5,100
Telephone	5
Mileage/auto	176
Printing and publications Other	480 75
Other	
T	6,063
Township Hall: Personnel	55
Supplies	213
Contracted services	3,382
Insurance	2,006
Utilities	697
	6,353
Cemetery:	
Personnel	281
Supplies	43
Contracted services	389
	713
Total general government	39,380
Public Safety:	
Fire Department:	
Personnel	614
	614
Total public safety	614
Public Works:	
Roads:	
Contracted services	1,582
	1,582
Total public works	1,582
i otai puolite works	1,502

GENERAL FUND

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued

Total expenditures	41,576
OTHER FINANCING USES	
Total expenditures and other financing uses	\$ 41,576

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

	Bala 3/31		1	Additions	D	eductions	 Balance 3/31/04	
ASSETS:								
Cash in bank	\$	_	\$	290,718	\$	290,718	\$ -	
LIABILITIES:								
Due to other funds	\$	-	\$	24,235	\$	24,235	\$ -	
Due to other taxing units		-		266,483		266,483	 	
Total liabilities	\$	•	\$	290,718	\$	290,718	\$ 	



60 Harrow Lane Saginaw, Michigan 48603

(989) 791-1555 Fax (989) 791-1992

MANAGEMENT LETTER

To the Township Board Township of Meade Mason County, Michigan

We have completed our examination of the financial statements of the Township of Meade for the year ended March 31, 2004, and have issued our report thereon dated June 17, 2004. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Meade taken as a whole. Our study and evaluation disclosed no conditions that we believe to be material weaknesses.

This report is intended solely for the use of the Township's management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our examination. If there is a need to discuss the above comments further, please contact us at your convenience.

Berthiaume & Company Certified Public Accountants

Berthiaine of Co

June 17, 2004